

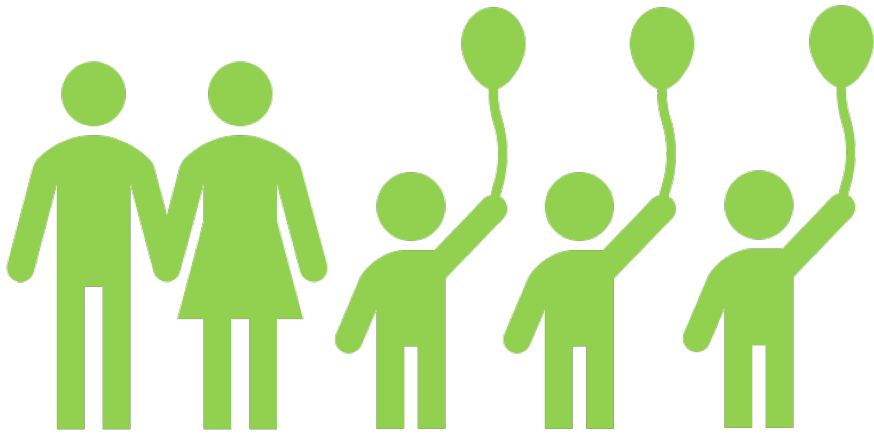


# THE BEEHIVE FAMILY THE TAX BURDEN OF THE BOB & BROOKE BEEHIVE FAMILY

A REPORT BY THE UTAH TAXPAYERS ASSOCIATION  
APRIL 2022



# THE TAX BURDEN OF THE BOB & BROOKE BEEHIVE FAMILY



The Bob and Brooke Beehive Family is a family of five designed to help illustrate the annual tax burden of a "typical" Utah family.

This typical family has been created using data from the U.S. Census Bureau and several publications by the Utah State Tax Commission.

Income and spending patterns have been taken from both locally and nationally collected data from years 2020 and 2021.

All calculations done by the Utah Taxpayers Association.

How the Beehive Family's income is taxed is true of most families in Utah. Bob and Brooke both have jobs in order to comfortably support their family. Bob is an advertising agent at a local company and in 2021 earned \$57,515. Brooke works part time as a real estate agent earning \$26,574 after expenses in 2021. The Beehive Family's **total income was \$84,089**. Also, the Beehive Family earned \$1,800 that was paid into a 401 (k)-retirement program and is not included in the AGI. which is not taxed until withdrawn during retirement. Based on these income figures, as well as national and local expenditure patterns as published in the Bureau of Labor Statistics' Consumer Expenditure Survey, the Beehive Family paid the following taxes:





# TOTAL TAXES

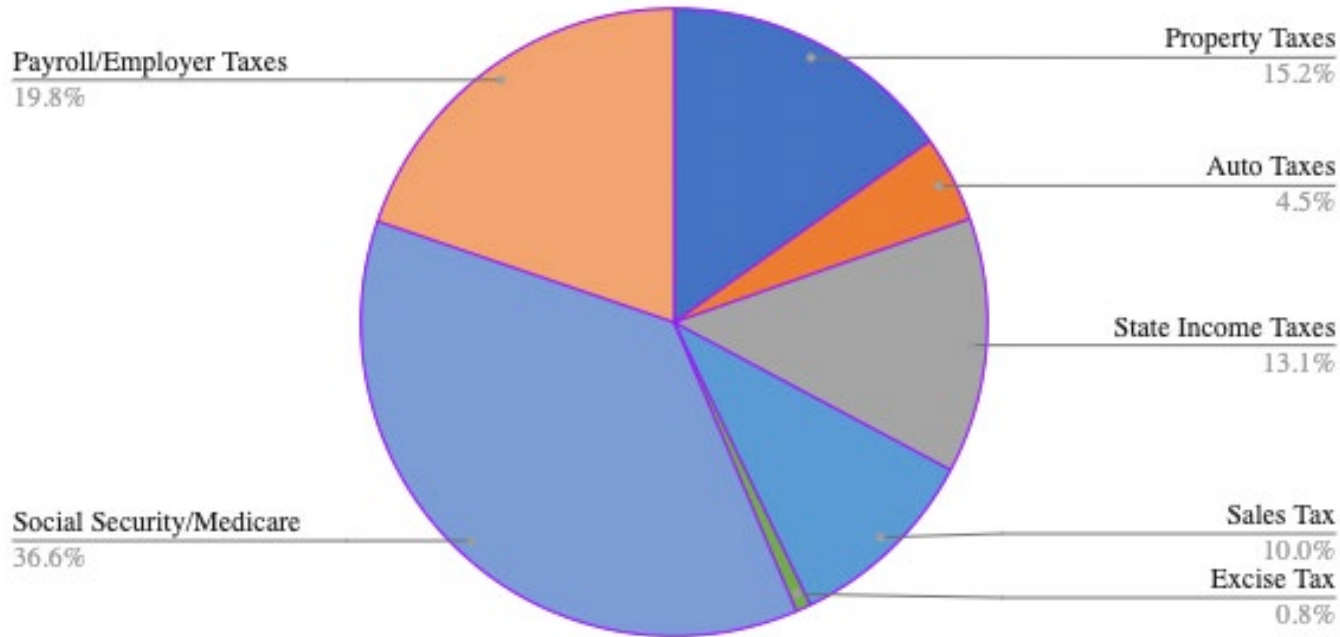
## \$20,814.79

When Bob and Brooke added up all the taxes paid in 2021, they found that their total direct tax bill came to **\$16,237.58**, **19.31% of their household income.**

Their employers also paid taxes, which affects the Beehives. The indirect taxes\* paid by their employers of **\$4,577.21**, just over what would be 5% of their income.

Adding household and employer taxes, the Beehive Family's **total tax bill amounts to \$20,814.79** or \$1,734.57 per month.

Overall, the Beehive Family pays **24.75%** of their income in federal, state and local taxes each year.



\*Detailing of indirect taxes is found on the next page.



# TOTAL TAXES EXPLAINED

## \$20,814.79

**Direct Household Taxes:** Bob and Brooke are aware of the taxes they pay directly such as their personal income taxes, Social Security and Medicare taxes, property taxes, and sales taxes. These "household" taxes total \$16,237.58 or 19.31% of the family's income for 2021.

**Employment/Indirect Taxes:** The Beehive Family's tax burden is also composed of numerous taxes which are paid by employers as part of the cost of employing Bob and Brooke. For example, Bob's employer paid taxes and insurance premiums of \$4,577.21 to provide coverage for unemployment and workers' compensation, along with the employer's share of Social Security and Medicare tax. While self-employed individuals pay all of their Social Security and Medicare taxes directly (currently totaling 15.3% of wages), those working for an employer pay half of their Social Security and Medicare taxes directly and the employer is required to pay the other half to the federal government on their behalf. That half is paid indirectly by the Beehive Family.

**Overall Taxes:** An analysis of the total personal income of the Beehive Family compared with their total federal, state and local taxes reveals that they pay **24.75% of their income in taxes**. Some of the Beehive Family's taxes are obvious, such as income, sales and property taxes. Others are not paid directly by the Beehive Family but are passed on to them in the higher prices they pay for products and services, or lower salaries due to employment taxes.

When all taxes are considered, the Beehive Family pays **\$20,814.79** to county, state, and federal governments, or just over 24% of the family's total income. In addition to these taxes are hidden state and local taxes that corporations pay which are passed on to consumers, workers, and shareholders.

Out of an 8-hour workday the Typical Utah Family will work **1 hour and 59 minutes** just to pay taxes.



# PROPERTY TAX

## (15.2%) \$3,515.28

Market Value	\$465,000.00
Residential Exemption	45%
<b>Taxable Value</b>	\$255,750.00

Entity	% of total	20201 Tax
School District	34.99%	\$1,229.90
County	14.44%	\$507.66
City	29.65%	\$1,042.44
Special Districts	20.92%	\$735.28
<b>Total Property Tax</b>		<b>\$3,515.28</b>

One of the direct taxes paid by the Beehive Family is the real property tax. The tax is based on a taxable value of 55% of the assessed market value for residential property.

The Beehive Family home's market value in 2021 was \$465,000. Various taxing entities are permitted to assess property taxes. School districts account for the greatest part of the Beehive Family's property tax bill. Taxes levied by counties, cities, and special districts complete their final property tax bill.

The tax rate used to calculate the Beehive Family property tax bill was .013745, the total rate for their area of Salt Lake City. Of that .013745, 35% was paid to the local school district\*. The county received 14% while the city and special service districts received 29% and 21% respectively. Special districts include entities that provide specific services such as water, public safety, or sewer.

\*Salt Lake City School District's property tax levy is only 65% of the statewide average. Statewide, 58% of all property taxes paid go to school districts.



# AUTO TAXES

## (4.5%) \$1,030

The Beehive Family are included among the state's majority of workers who travel to and from their jobs in a private automobile. They own two cars: a 2016 Honda Accord and a 2017 Subaru Impreza. Bob drives about 13,915 miles a year in the Accord, which gets about 20 miles a gallon. Because of her work as a real estate agent, Brooke drives about 18,582 miles a year. The Impreza, however, gets 27 miles to the gallon.

During 2021, they used a total of 1,384 gallons of gasoline paying 31.4 cents in state tax and 18.4 cents in federal tax per gallon.

Both vehicles are subject to a \$110 (cars 3-6 years old) Uniform Age-Based fee, Registration Fees of \$44 per vehicle, a Driver's Education Fee of \$2.50, and an Uninsured Database Fee of \$1. Living in Salt Lake City also comes with a \$10 Corridor Fee and a \$3 Air Pollution Fee.

Bob and Brooke live in Salt Lake County and register their vehicles there. The Beehive Family automobiles are taxed with a "uniform age-based fee" instead of a property tax.

Tax	2021 Amount
Gasoline Tax	\$689
Uniform Age Based Fees	\$220
Registration Fees	\$88
Other Fees	\$26
Driver's Education Fee	\$5
Uninsured Database Fee	\$2
<b>Total Auto Taxes</b>	<b>\$1,030</b>



# STATE INCOME TAX

## (13.1%) \$3,121

Deductions	2021
Adjusted Gross Income	\$84,089.00
Personal Exemptions	-\$5,250.00
Standard Deduction	-\$25,100.00
Taxable Income	\$53,739.00
<b>Total State Income Tax</b>	<b>\$3,042*</b>

Tax rates for the state income tax are significantly lower than those for the federal income tax, but the Beehive Family pays more state income tax than federal income tax due to federal child tax credits.

The state income tax rate in Utah in 2021 is a flat 4.95%.

Bob and Brooke filed jointly, reporting an adjusted gross income of \$84,089. The Beehive Family reported the standard deduction of \$25,100, and personal exemptions for a total of \$30,50.

*\*Due to the passage of SB 153 (R- Fillmore) in 2021, personal exemptions in Utah were increased from \$565 to \$1,750, decreasing state income taxes for those with dependents.*

When all deductions and exemptions were subtracted from their gross income, the Beehive Family paid income tax on the remaining \$53,739.

*\*Note: Total state tax differs from 4.95% of taxable income due to reductions of deductions*





# FEDERAL INCOME TAX

## REFUND \$2,321

<b>Deductions</b>	<b>2021</b>
Adjusted Gross Income	\$84,089
Standard Deduction	-\$25,100
Taxable Income	\$58,989
Taxes	\$6,679
Child Tax Credit	-\$9,000
<b>Total Federal Income Tax REFUND</b>	<b>+\$2,321</b>

After the 2017 federal income tax reform, the federal income tax is now one of the smallest tax burdens on the Beehive family.

The \$2,321 refund (vs. \$424 tax paid in 2020) the Beehive Family received in 2021 for federal income tax is a significant change from the previous year because the child tax credit was raised from \$2,000 per child to \$3,000. In 2022, the credit reverts back to \$2,000 per child. This tax credit began in 1998 at \$400.

As with their state income tax return, Bob and Brooke had the average amount of itemized deductions of \$22,135, so they chose to take the standard deduction of \$25,100. When all deductions and exemptions were subtracted from their gross income, the Beehive Family paid income tax on the remaining \$58,989.



# STATE SALES TAX

## (10%) \$2,322.19

Item	2020 Expenditures	2020 Tax Rate	2020 Tax
Food	\$5,044	3.00%	\$151.32
Restaurants	\$2,432	7.75%	\$188.48
Restaurant Sales Tax	---	1%	\$24.32
Utilities	\$4,556	3.50%	\$159.46
Utility Franchise Tax	\$4,556	6%	\$273.36
Transportation	\$9,239	7.75%	\$716.02
Apparel	\$1,145	7.75%	\$88.74
Entertainment	\$2,694	7.75%	\$208.79
Personal Care	\$652	7.75%	\$50.53
Wireless Services	\$1,650	27.95%	\$461.18
<b>Total</b>	<b>\$35,089</b>	<b>---</b>	<b>\$2,322.19</b>

The Beehive Family spent \$31,968 on purchases subject to state and local taxes. Sales tax for purchases made in Salt Lake City is 4.85% for the state, 1% local option, .25% county option, 1.05% for public transportation, a .5% Correctional facility sales tax, and 0.1% for arts and recreation, for a total of 7.75%. The sales tax on residential utilities, however, is only 3.5%.

Utah has a sales tax on food at the state and local level of 3%, which is lower than the 4.85% state sales tax rate. The total tax rate the Beehive family pays on food is lower than the rate on other items.

Their wireless services tax rate of 27.95% is made up of six different taxes which can be found [here](#). Utah currently ranks 8th highest in the nation for its wireless services tax rate.

Sales taxes on other purchases were as follows: food purchased at restaurants was subject to an additional tax of 1.0%. Utilities (gas, electricity, telephone, and cable) are also subject to a city-imposed utility franchise tax of up to 6.0%.



# EXCISE TAX

## (0.8%) \$183.38

Item	2021 Expenditures	2021 Excise Tax
Alcohol	\$616	\$75.25
Tobacco	\$409	\$108.13
<b>Total</b>	<b>\$1,025</b>	<b>\$183.38</b>

There are specific excise taxes on some items such as liquor and tobacco. They are easily overlooked, since they are not listed separately from the selling price.

Bob is a tobacco user and the family consumed the state average amount of alcohol. The Beehive Family paid a total of \$183.38 in specific state excise taxes in 2021.



# SOCIAL SECURITY TAX

## (36.6%) \$8,465.72

<b>Taxpayer</b>	<b>2021 Tax</b>
Bob's Employer	\$4,399.90
Employees (Bob and Brooke)	\$8,465.72
<b>Total Social Security Tax</b>	<b>\$12,865.62</b>

Almost everyone who works must contribute to Social Security and Medicare Funds. The amounts withheld from Bob's and Brooke's paychecks continue to rise over the years.

In 2021, the Beehive Family's salaries were subject to a 7.65% FICA tax for Social Security and Medicare. Bob paid \$4,399.90 in Social Security and Medicare taxes, while his employer is required to pay the other 7.65% (for a total of 15.3%) directly to the federal government in what is commonly referred to as Payroll Tax. That is detailed on the next page.

Since Brooke is self-employed, she must pay the entire 15.3% tax directly, which is commonly referred to as Self Employment Tax. Brooke paid \$4,065.82 in 2021 as a self-employed worker.

The Beehive Family paid more Social Security and Medicare taxes in 2021 than any other tax.



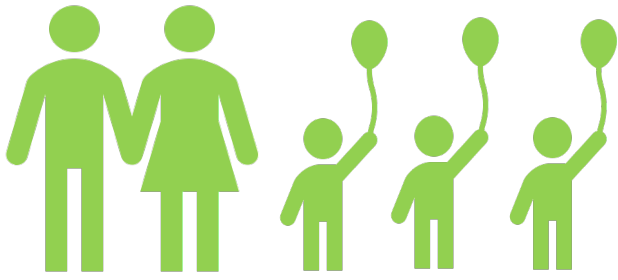
# EMPLOYMENT TAXES (PAID BY EMPLOYER) (19.8%) \$4,577.21

Tax	2021 Tax
Bob's Employer Social Security Tax	\$4,399.90
Unemployment Compensation	\$119.80
Workers Compensation	\$57.52
<b>Total Tax</b>	<b>\$4,577.21</b>

**Employer Social Security Tax** must be paid by Bob's employer. While Bob paid \$4,399.90 in Social Security and Medicare taxes, his employer is required to pay the other 7.65% (for a total of 15.3%) directly to the federal government in what is commonly referred to as Payroll Tax. Therefore, Bob's employer also had to pay \$4,399.90.

**Unemployment Compensation Insurance** is paid by employers to cover employees in the event they lose their jobs. The average estimated rate in 2020 for Bob Beehive's employer was 0.20% plus the FUTA (Federal Unemployment Tax Act) tax of \$42.

**Workers Compensation** provides insurance coverage for employees who are injured on the job. The cost of coverage to the employer depends upon how hazardous the job is. Bob is taxed at .10 cents per \$100 of payroll. Since Bob works in an office, his employer pays relatively low insurance premiums. Hazardous jobs can see premiums as high as \$24.80 per \$100 of payroll. Brooke is self-employed and does not pay the tax.



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Adding household and employer taxes, the Beehive Family's **total tax bill amounts to \$20,814.79** or \$1,734.57 per month.

Overall, the Beehive Family **pays 24.75% of their income** in federal, state and local taxes each year. This amounts to **1 hour and 59 minutes** of each workday just to pay taxes.

<b>Total Taxes Paid in 2020</b>		
Property Taxes	\$3,515.28	15.2%
Auto Taxes	\$1,030.00	4.5%
State Income Taxes	\$3,042.00	13.1%
Federal Income Tax Refund	+\$2,321.00	
Sales Tax	\$2,322.19	10.0%
Excise Tax	\$183.38	0.8%
Social Security/Medicare	\$8,465.72	36.6%
Payroll/Employer Taxes	\$4,577.21	19.8%
<b>Total Taxes (100%)</b>	<b>\$20,814.79</b>	

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